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December 19, 2001

VIA HAND DELIVERY

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

*Re: Petition of United Telephone Company, Docket No. 01-00451.*

Dear Mr. Waddell:

Enclosed for filing are original and thirteen copies of United Telephone Company's Responses to the Data Request from you dated December 12, 2001.

If you have any questions, please do not hesitate to let me know.

Best regards.

Very truly yours,



R. Dale Grimes

RDG/gci  
Enclosures

cc: J. Richard Collier, Esq. (w/o enclosures)  
R. Terry Buckner, Esq. (w/o enclosures)  
Vance L. Broemel, Esq. (w/o enclosures)  
Joe Shirley, Esq. (w/o enclosures)  
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Mr. Herb Bivens (w/o enclosures)  
T.G. Pappas, Esq. (w/o enclosures)

**State of Tennessee  
Tennessee Regulatory Authority  
Telecommunications Division  
Response to Information Request Dated December 12, 2001**

**TRA Docket No. 01-00451**

1. Provide schedules reflecting the data and calculations presented in the above-referenced testimony [rebuttal testimony of Joe M. Enoch as filed on October 12, 2001].

Attached as UTC Exhibit 1.

JOE M. ENOCH & ASSOCIATES  
 ANALYSIS OF UNITED TELEPHONE LOCAL SERVICE REVENUE PER AVERAGE ACCESS LINE  
 1998-2002

<u>LOCAL SERVICE REVENUES</u>	<u>UNITED</u>	<u>A/</u>	<u>CAPD</u>	<u>A/</u>	<u>Company</u> <u>6/30/01</u>
1998	190.89		190.89		
% GROWTH					
1999	213.33		213.33		
% GROWTH	11.76%		11.76%		
2000	226.37		224.58		
% GROWTH	6.11%		5.27%		
CAPD FORECAST 2001	188.13		236.41		218.64 B/
% GROWTH	-16.89%		5.27%		-2.64%
CAPD FORECAST 2002	195.90		248.87		
% GROWTH	4.13%		5.27%		

SOURCE: REVISED UNITED EXHIBITS, TRA 3.01 REPORTS

A/ Information Taken from CAPD Exhibit 2, Page 5 of 62 as filed with the TRA.  
 B/ Actual 06/30/2001 Revenue Annualized divided by 14,339 access lines.

United Telephone Company  
Excise and Income Taxes  
For the Year Ending December 31, 2002

Line No.		Attrition Amount	D/	Amount	D/
1	Total Revenues	\$11,541,316	A/	\$10,298,954	C/
2	Plant specific	1,474,826	A/	1,474,826	
3	Plant Non-Specific, Excluding Depreciation)	338,721	A/	338,721	
4	Customer Operations	887,661	A/	887,661	
5	Corporate Operations	982,804	A/	982,804	
6	Depreciation and Amortization Expense	2,978,888	A/	2,978,888	
7	Taxes Other Than Income	740,351	A/	740,351	
14	NOI Before Excise and Income Taxes	\$4,138,065		\$2,895,703	
15	AFUDC				
16	Interest Expense	2,036,688	B/	2,036,688	
17	Pre-tax Book Income	\$2,101,377		\$859,015	
18	Schedule M Adjustments				
19	Excise Taxable Income	\$2,101,377		\$859,015	
20	Excise Tax Rate	6.00%		6.00%	
21	Excise Tax	\$126,083		\$51,541	
22	Pre-tax Book Income	\$2,101,377		\$859,015	
23	Excise Tax	126,083		51,541	
24	Schedule M Adjustments				
25	FIT Taxable Income	\$1,975,294		\$807,474	
26	FIT rate	34.00%		34.00%	
27	Federal Income Tax Expense	\$671,600		\$274,541	
28	ITC Amortization				
29	Amortization of Excess Deferred FIT				
30	Federal Income Tax Deferred FAS 109				
31	Federal Income Tax Expense	\$671,600		\$274,541	

A/ Schedule 3.

B/ Schedule 1, line 1 \*Weighted Cost of Debt per Schedule 8, lines 1-3.

C/ Revised CAPD Exhibit 1 Schedule 4, Line 12 by Enoch

D/ Information Taken from CAPD Exhibit 1, Schedule 6 as filed with the TRA.

United Telephone Company  
 Operating Revenues  
 For the Year Ending December 31, 2002

Line No.		CAPD		Company B/	Difference
1	Local Service Revenue	\$3,909,858	A/	\$2,926,755	\$983,103
2	Network Access Service	7,040,401	C/	6,589,406	\$450,995
3	Long Distance Network Service		D/	(112,110)	\$112,110
4	Miscellaneous Revenue	688,803	E/	720,237	(\$31,434)
5	Uncollectible Expense	(97,746)	F/	(141,022)	\$43,276
6	Total Operating Revenue	<u>\$11,541,316</u>		<u>\$9,983,266</u>	<u>\$1,558,050</u>
		Company Using CAPD Method			Difference
7	Local Service Revenue	\$3,353,993	G/		(\$555,865) J/
8	Network Access Service	6,445,306	H/		(\$595,095) K/
9	Long Distance Network Service		D/		(1,150,960) \$0
10	Miscellaneous Revenue	597,401	I/		(\$91,402)
11	Uncollectible Expense	(97,746)	F/		
12	Total Operating Revenue	<u>\$10,298,954</u>			<u>-\$1,242,362</u>

Information Taken from CAPD Exhibit 1, Schedule 4 as filed with the TRA.

A/ WP RTB-100.

B/ Revised Enoch Exhibit 6.

C/ WPs RTB-111, RTB-109, RTB-114, RTB-117.

D/ Revised Enoch Exhibit 6.

E/ WP RTB-120.

F/ WP RTB-122.

G/ Enoch Annualization W/P Line 26

H/ Enoch Annualization W/P Line 19

I/ Per Joe Shirley Exhibit C-13 Line 4

J/ Line 7 less Line 1 (CAPD Column)

K/ Line 8 less Line 2 (CAPD Column)

United Telephone Company  
Results of Operations and (Revenue Deficiency) Revenue Excess  
For the Year Ending December 31, 2002

Line No.		CAPD		Company	E/	Difference
1	Base Rate	\$40,671,865	A/	\$41,064,144		(\$392,279)
2	Operating Income at Present Rates	3,338,365	B/	1,907,181		1,431,184
3	Earned Rate of Return	8.21%		4.644%		3.56%
4	Fair Rate of Return	7.87%	C/	6.740%		1.13%
5	Required Operating Income	3,199,780		2,767,723		432,211
6	Operating Income (Deficiency) Excess	138,586		(860,542)		998,973
7	Gross Revenue Conversion Factor	0.604890	D/	0.613088		(0.008198)
8	Revenue (Deficiency) Excess	\$229,110		\$1,403,367		\$1,632,477
		Company Using CAPD Method				Difference G/
9	Base Rate	\$40,671,865	A/			\$0
10	Operating Income at Present Rates	2,567,604	F/			(770,761)
11	Earned Rate of Return	6.31%				-1.90%
12	Fair Rate of Return	7.87%	C/			0.00%
13	Required Operating Income	3,199,780				0
14	Operating Income (Deficiency) Excess	(632,176)				(770,762)
15	Gross Revenue Conversion Factor	0.604890	D/			0.00%
16	Revenue (Deficiency) Excess	(\$1,045,109)				(\$1,274,219)

A/ thru E/ Information Taken from CAPD Exhibit 1, Schedule 6 as filed with the TRA.

A/ Schedule 2, Line 11.

B/ Schedule 3, Line 19.

C/ Schedule 8, Line 5.

D/ Schedule 7, Line 9.

E/ Revised Enoch Exhibit 1.

F/ CAPD Exhibit Revised by Enoch UTC Exhibit 1 Page 4 of 6.

United Telephone Company  
Comparative Income Statement  
For the Year Ending December 31, 2002

Line No.		CAPD	Company	Difference	Company Using CAPD Method	Difference
1	Total Revenues	<u>\$11,541,316 A/</u>	<u>\$9,983,266 B/</u>	<u>\$1,558,050</u>	<u>\$10,298,954 R/</u>	<u>(\$1,242,362) T/</u>
2	Plant Specific	1,474,826 C/	1,609,718 D/	(134,892)	1,474,826 C/	\$0
3	Plant Non-Specific ( Excluding Depreciati	338,721 E/	391,629 F/	(52,908)	338,721 E/	\$0
4	Customer Operations	887,661 G/	1,131,974 H/	(244,313)	887,661 G/	\$0
5	Corporate Operations	982,804 I/	1,110,259 J/	(127,455)	982,804 I/	\$0
6		-	-	-	-	
7		-	-	-	-	
8	Interest On Customer Deposits	2,017 K/		2,017	2,017 K/	\$0
9	Deprecitaion and Amortization Expense	2,978,888 L/	2,855,886 M/	123,002	2,978,888 L/	\$0
10	Taxes Other Than Income	740,351 N/	829,200 O/	(88,849)	740,351 N/	\$0
11	Operating Income Taxes	797,683 P/	147,420 Q/	650,263	326,082 S/	(\$471,601) T/
12		-	-	-	-	
13		-	-	-	-	
14		-	-	-	-	
15	Total Operating Expenses	<u>\$8,202,951</u>	<u>\$8,076,086</u>	<u>126,865</u>	<u>\$7,731,350</u>	<u>(\$471,601)</u>
16	Net Operating Income	<u>\$3,338,365</u>	<u>\$1,907,180</u>	<u>\$1,431,185</u>	<u>\$2,567,604</u>	<u>(\$770,761)</u>
17	AFUDC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
18	Net Operating Income for Return	<u>\$3,338,365</u>	<u>\$1,907,180</u>	<u>\$1,431,185</u>	<u>\$2,567,604</u>	<u>(\$770,761)</u>

A/ thru Q/ taken from CAPD Exhibit 1 Schedule 3 as filed with the TRA.

A/ Schedule 4.

B/ Revised Enoch Exhibit 5, Line 1.

C/ WP RTB-209

D/ Enoch Exhibit 5, Line 2.

E/ WP RTB-209

F/ Enoch Exhibit 5, Line 3.

G/ WP RTB-209

H/ Enoch Exhibit 5 Line 4.

I/ WP RTB-209.

J/ Revised Enoch Exhibit 5, Line 5.

K/ 6% Interest Rate\*Cust. Deposits\* .613088.

L/ WP RTB-314A.

M/ Revised Enoch Exhibit 5, Line 6.

N/ Schedule 5, Line 8.

O/ Revised Enoch Exhibit 5, Line 7.

P/ Schedule 6, Sum of Lines 21 and 31.

Q/ Revised Enoch Exhibit 5, Line 8.

R/ Revised CAPD by Enoch UTC Exhibit 1 Page 3 of 6.

S/ Revised CAPD by Enoch UTC Exhibit 1 Page 2 of 6.

T/ Line 1 Company using CAPD Method less Line 1 CAPD column

**GENERAL LEDGER BALANCES AS OF JUNE 30, 2001  
FOR PURPOSES OF DEVELOPING ANNUALIZED REVENUE  
UNITED TELEPHONE COMPANY, INC.**

ACCOUNT NAME	A/C #	BALANCE 6/30/01	ANNUALIZATION FACTOR	ANNUALIZED REVENUE	COMPARATIVE REVENUE 6/30/00
1 Basic Area	50010000	1,263,675.19			
2 Local Access	50011000	(187,230.00)			
3 Optional Extended Area	50021000	459,500.10			
4 Optional Extended Voice Mail	50021100	30,884.75			
5			X 2	1,566,830.04	1,555,169
6 Network Access	50800000	322,323.50			
7 Access Revenue Payphone	50801000	999.13			
8 Switched Access Interstate	50821000	1,278,609.56			
9 Special Access - Interstate	50830000	63,906.24			
10 Switched Access - Intrastate	50840000	1,452,007.50			
11 Special Access - Intrastate	50841000	104,806.96			
12			X 2	3,222,652.89	3,027,397

# of Revenue Generating Access Lines	12/31/00	14156
13		14190
14		14276
15		14348
16		14474
17		14479
18		14500
19		

Average # of Access lines  
Six Months Ending 6/30/01 14,346

20	Average Additions/Month	65.75	Area Revenue/ Access line - \$218.43 2001
21	Est # @ 12/31/01	14945	
22	% Growth	5.50%	
23	Aver # 2001	14550	3,178,220.73
24	Est # @ 12/31/02	15766	
25	Aver # 2002	15355	
26	Forecast of Local Service Revenue-2002 (\$218.43 X 15355)		3,353,992.65

**State of Tennessee  
Tennessee Regulatory Authority  
Telecommunications Division  
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**TRA Docket No. 01-00451**

2. Provide the number is ISDN lines, as referenced on page 2 of the above-referenced testimony [rebuttal testimony of Joe M. Enoch as filed on October 12, 2001].

The Company provided that there were 141 ISDN lines (89 residential and 52 commercial). The revenue from these lines was included in revenue as recorded by the Company.

**State of Tennessee  
Tennessee Regulatory Authority  
Telecommunications Division  
Response to Information Request Dated December 12, 2001**

**TRA Docket No. 01-00451**

3. Provide the number of non-revenue generating lines as referenced on page 3 of the above-referenced testimony [rebuttal testimony of Joe M. Enoch as filed on October 12, 2001].

The number of non-revenue generating lines as of June 30, 2001 was 110 internal Company lines and 37 employee lines.